



## AMERICAN TEXTILE INDUSTRY COMMITTEE FOR GOOD GOVERNMENT

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202-862-0500 • FAX: 202-862-0537

December 5, 2000

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#### Terms Expiring Spring 2003:

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Henry A. Truskow, III

Federal Election Commission  
999 E Street NW  
Washington, DC 20463

Identification Number: C00032441  
Reference: August Monthly Report (7/1/00-7/31/00)

Dear Sir or Madam:

I am responding to a November 22<sup>nd</sup> letter from Scott Walker, Federal Election Commission's Reports Analysis Division, expressing concern with ATICGG's August Report.

The first issue that Mr. Walker raised was on Schedule B supporting Line 23 regarding a contribution to a candidate that was inadvertently designated to the candidate's primary election rather than the general election. We have redesignated the contribution and it will be reflected in a memo entry on our Post-General Report (filing date of December 7<sup>th</sup>). We were advised in the past by the FEC, in a telephone inquiry with an analyst in the Reports Analysis Division, that correcting this type of error on the next subsequent report (after receiving the notice) was the appropriate course of action.

The second issue brought to our attention was on Schedule B supporting Line 23 pertaining to "office sought." Once again, as we have stated in letters regarding our May, June and July reports, our PAC uses Gnossos Software's Keep in Touch program for the maintenance and filing of our FEC reports. After first contacting Mr. Walker and subsequently Gnossos regarding this issue, we were informed that there has been ongoing communication between the FEC and Gnossos regarding this issue (please see enclosed letters). We were told by Gnossos that we do not need to file an amendment to the report.

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December 5, 2000  
ID Number: C00032441, Reference: August Report  
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However, please note that on our Schedule B supporting Line 23, all disbursements ("Contributions to Federal Candidates/Committees") which do include a district number along with the state and party affiliation are for contributions to federal House candidates. Those disbursements which do not include a district number are for contributions to a federal Senate candidate.

If you have any further questions, please do not hesitate to contact me at 202-862-0500.

Sincerely yours,

  
Douglas W. Bulcao  
Treasurer

Enclosures

ATICGG qualifies as a multicandidate committee.

# GNOSSOS SOFTWARE

August 17, 2000

Dear Client:

You recently contacted us regarding a "Request for Additional Information" (RFAI) letter you received from the Federal Election Commission (FEC) regarding the designation of the office sought for Schedule B, Line 23 entries. As you are aware, I have been in active discussions with the FEC about this issue, and I am writing to provide an update on this situation.

I have attached copies of two letters sent to the FEC outlining our concerns about:

- how this issue arose without any changes to the regulations;
- the lack of communication with affected parties prior to its enforcement by the FEC;
- an agreed upon temporary solution; and
- our anticipated timeframe for changing the software to meet this enhanced compliance standard.

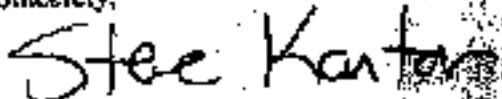
To summarize, please be advised that Gnoossos received verbal confirmation from Jim Peterson, Staff Director of the Federal Election Commission, that a letter response rather than an amended report to such RFAI letters is an appropriate response by the Political Action Committee. Sample language for such letter can be found on page 3 of the July 25, 2000 letter to John Gibson. In addition, all analysts in the Reports Analysis Division are aware of this and will accept such letter responses. If you want to submit your original report with such a cover letter, this would potentially eliminate an RFAI letter from being issued on this particular review point.

Gnoossos Software is in the process of updating its software to comply with new electronic filing specifications recently released by the FEC. These changes will be necessary for all those who are required by law to file electronically beginning with reporting periods of January 1, 2001 or after. The modifications to the Schedule B, Line 23 issue will be included in the February 2001 software release.

It is important that you be aware, however, that those who are currently filing their FEC reports electronically are not being impacted by this Schedule B, Line 23 issue. Therefore, we encourage you to convert to electronic filing as soon as possible. If you want to discuss converting to electronic filing, please contact Prangie Preinkel at 202-463-1200, ext. 435.

I regret any inconvenience this may have caused you. We have been actively working with the FEC on this issue since it first came to our attention, and I hope this letter helps to explain the status of the situation as well as the agreed upon solution with the FEC. If you have additional questions, please do not hesitate to call Client Support at 202-463-1200, ext. 9.

Sincerely,



Steve Kaptor  
President

# GNOSSOS

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## SOFTWARE

July 26, 2000

Mr. Jim Pebrikon  
Staff Director  
Federal Election Commission  
999 E Street, NW  
Room 808  
Washington, DC 20463.

Dear Jim:

I am writing to express my interest and concern about a situation that Gnoossos Software has recently encountered via non-communicated letters several of my clients have received. More importantly, I am interested about the precedent this situation has set and how the communication can be improved. In addition, I am concerned about how the Federal Election Commission (FEC) is communicating with affected parties regarding internal policy decisions which impact reporting and compliance.

I have enclosed a copy of a letter recently sent to Mr. John Gibson of the Reports Analysis Division. This letter was sent as a follow-up to a meeting he had with me, at my request. The letter reiterates the nature of the compliance issue, the results of our discussion, and poses some specific questions relative to this specific issue.

What appears to have occurred is that the Reports Analysis Division is looking at the Schedule B, Line 23 "office sought" issue in a different way than it has in the past. To my knowledge, the regulation to which this issue refers has been in place since 1996, and possibly longer. Therefore, I have no reason to predict that compliance oversight is subject to or about to change. If Gnoossos Software or any other affected party (including filers and other vendors) were not aware that such internal policy decisions have been made and are to be implemented, we (and other affected parties) cannot be expected to anticipate such changes and make the necessary adjustments.

As a software vendor, this is important information to be aware of in advance of such changes taking effect. Programming and development may be needed to respond effectively to these policy changes. It is our foremost concern that our clients are in compliance. Therefore, I would respectfully request that the FEC timely notify all affected parties of such changes in the future prior to such changes taking effect.

As you know, Gnoossos Software's Keep in Touch program has been used to file FEC reports for ten years and is currently used by approximately 200 committees for filing these reports. In addition, Gnoossos Software is one of two vendors who have cooperatively worked with the FEC

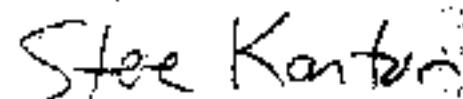
Mr. Jim Pehrkon  
July 16, 2000  
Page 2

on electronic filing since it became available on a voluntary basis, and Keep In Touch has been approved for electronic filing by the FEC. We are proud of our working relationship with the FEC over the years and of the high level of compliance by our clients that has resulted.

Please know how much I appreciate the responsiveness and attention with which Mr. Gibson has dealt with me and my staff. I am compelled to alert you to this specific situation in the hopes you can provide some insight and ensure me that this was an isolated occurrence, and not a precedent for future similar incidents.

I look forward to hearing from you, and I welcome the opportunity to speak with you directly if you have any questions or concerns. Please do not hesitate to call (202-463-1200, Ext. 408).

Sincerely,



Steve Kantor  
President

# GNOSSOS

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## SOFTWARE

July 25, 2000

Mr. John Gibson  
Director, Reports Analysis Division  
Federal Election Commission  
999 U Street, NW  
Washington, DC 20463

Dear Mr. Gibson,

Anne Desera and I appreciated the opportunity to meet with you and your colleagues recently regarding client filings of FEC compliance reports generated by Keep In Touch. I am writing to reiterate our discussion, to provide some follow-up information for your review, and to solicit your input and approval as to the next steps needed to be taken by Gnoossos Software in order to ensure that our software continues to comply with all relevant FEC regulations.

To recap our discussion, it had come to our attention that several clients began receiving letters from the Reports Analysis Division identifying a problem with the format of our reports that has been approved and used for many years. More specifically, at least one of the letters used the following language:

Please amend Schedule B supporting Line 23 by providing the office sought for each contribution made. 11 CFR 53.104.3(b)(3)(i) and (v)

To our knowledge, this regulatory language has been in place since at least 1996 and possibly longer. Therefore, we were taken by surprise when the FEC altered its previous enforcement standard and began citing this problem. However, it is our foremost concern that our clients are in compliance, and I want to ensure that Keep In Touch continues to meet the FEC's compliance standards.

Therefore, as we agreed at our meeting, Gnoossos Software is recommending to its clients who have been cited on this issue that they respond to the FEC with a letter stating that disbursements which indicate a district number are House/Representative races while those without a district number are Senate races. An amended report is not a required response to this particular issue.

Mr. John Gibson

July 25, 2000

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With your approval, I am proposing that I supply my clients with the following text for these letters:

Please note that on Schedule B supporting Line 23, all disbursements ("Contributions to Federal Candidates/Committees") which do include a district number along with the state and party affiliation are for contributions to federal House/Representative candidates. Those disbursements which do not include a district number are for contributions to a federal Senate candidate.

If you do not agree that this proposed language meets the needs, I would appreciate any suggestions or input you might be able to provide regarding this language.

Please note that I do recognize that this is a temporary solution, and that I intend to rectify this in our next version of the software due out in February 2001, in time for the February monthly reporting period. I respectfully request your concurrence with this timeframe and your agreement to continue to use the above agreed-upon solution until then.

In addition, I need you to specify for us for our programming purposes, exactly what terms are required to be reflected to correctly make this "office sought" distinction. You may recall that we were unable to locate a regulation/cite for how this is supposed to read at the time of our meeting, and I am hoping you have been able to identify the appropriate cite since then.

Additionally, I want to confirm with you that I have followed up on a question that was raised during our discussion regarding the distinctions (on this Schedule B, line 23 issue) between our electronically filed and paper filed reports. I have learned that our product's specifications for the electronically filed reports do exclude specific programming, which distinguishes a "House/Representative" contribution from a "Senate" contribution. Therefore, any one of our 50 or so clients who are electronically filing their FEC reports should not be encountering this problem.

Thank you again for meeting with us regarding this issue as well as your assistance in clarifying the outstanding issues identified in this correspondence. I look forward to hearing from you soon. If you need to contact me, please do not hesitate to call at 202-463-1200, Ext. 408.

Sincerely,

*Steve Kantor*

Steve Kantor  
President

## Federal Election Commission

**ENVELOPE REPLACEMENT PAGE  
FOR INCOMING DOCUMENTS**

The Commission has added this page to the end of this filing to indicate how it was received.

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(6/2000)